

Answers to the Big Questions from Our Reddit AMA

Mike Vine • Sep 28 2016

A few weeks ago, in conjunction with announcing a [\\$500,000 funding round \(/news/500k-vc-funds-pillar\)](#), we hit #2 on Reddit's front page with [our first AMA \(/https://www.reddit.com/r/lAmA/comments/50tyub/were_the_nerds_behind_lbry_a_decentralized\)](#).

While tens of thousands joined [our beta \(/get\)](#), including hundreds of YouTube channels, our first major wave of attention outside of blockchain circles has taught us some hard lessons:

1. LBRY is hard to understand at first.
2. We are not that great at explaining it.
3. Not every innovation that looks great on the whiteboard is a hit in the real world.

YOU BROKE REDDIT.



You see, as we hit Reddit's front page, we were also climbing the ranks of [/r/AMAdisasters](#). Many redditors were confused by our responses, didn't like our daffy tone, and HATED the bidding system to reserve names in LBRY.

(In fairness, many others got what we were doing immediately and sent us an outpouring of passionate support.)

But if LBRY is going to improve the lives of millions of watchers, readers, listeners, and gamers over the coming years, people have to know what it is and want to be a part of it.

To that end, we took some time to review the questions we received and how we answered them. **Below is a compilation of top questions from our AMA with clearer answers than we gave on the fly.**

Take a look, then give us your feedback on [our subreddit /r/lbry \(/https://www.reddit.com/r/lbry\)](#). If there's one thing we wish we had stressed better in the AMA, it's that LBRY is still taking shape. Your feedback will not fall on deaf ears – in fact, you have our undivided attention.

- What's with the name LBRY?
- How does LBRY benefit content creators? Can I make money using LBRY?
- How does LBRY benefit content consumers? Why should I bother caring?
- What is LBRY exactly – is it a protocol, an app, a website, a company?

LBRY's "auction-based" name system sounds unworkable. Why don't you just assign names the same way as Internet domains?

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- If I don't want to deal with name auctions at all, what are my options?
- How does the company behind LBRY make money?
- What is LBRY's development status right now? Plans for the future?
- Why should I care about LBRY if I can't even use it yet?

What's with the name LBRY?

The very first question of newcomers is often, "How do you pronounce it?" Answer: library.

"Is it an acronym?" No.

"Then why confuse people with the all-caps and no vowels?"

First and foremost, LBRY is an internet protocol, just like HTTP. Content on LBRY is served to users via "LBRY names," which look like this: `lbry://itsawonderfullife`. Very similar to the URL you type into your internet browser. LBRY is not just our branded name, but the character string we've chosen to lead our URIs (Uniform Resource Identifier).

It also serves as a truncated form of "library," which reflects our mission: every film, song, book, and app ever made – available anywhere. Our vision for LBRY is to create a massive media repository for the 21st century that is built on a decentralized network controlled by its users. LBRY is to a traditional library what Amazon is to a department store.

Is it an odd name? Perhaps. But we would kindly point to the success of brands like Hulu, Yahoo!, Etsy, Skype, Tumblr, and Zillow. In the end, a good company with a strong user base will be remembered regardless of its name. And a company with a brand as straightforward as Pets.com can still fail.

LBRY is working well as a brand so far. SEO is a top consideration for startup branding, and LBRY already dominates the search results for our brand name.

How does LBRY benefit content creators? Can I make money using LBRY?

In our AMA title, we pitched LBRY as a "community-driven" YouTube alternative that could "save the internet." That's a lot of big talks, but what does it mean for the people who care most about the changes happening at YouTube – content creators?

If you are earning money from your videos on YouTube right now, you are likely familiar with the recent controversies over videos being "de-monetized" for containing content unfriendly to advertisers. It's no surprise that YouTube caters to advertisers because those are its ultimate customers.

LBRY is not an ad-driven media service. In fact, it's not a traditional media service at all. LBRY is an open protocol that allows you to publish your videos to the network at no cost to you and set a price per stream or download. Because LBRY is a protocol and not a corporate store, there is no approval process for content to be listed and no authority that can "de-monetize" your videos. That's between you and your fans.

With LBRY, pricing is completely at the discretion of the creator, and 100% of that price goes to the creator. Compare this to iTunes' fixed pricing tiers and 30% cut of every sale.

Because LBRY uses digital currency (a la Bitcoin), creators can accept micropayments for every view without worrying about credit card processing fees. Or a studio could use LBRY to distribute a theatrical release to independent theaters and charge thousands of dollars per download. The only constraint on pricing is what your viewers are willing to pay.

With YouTube monetization, creators earn a variable amount based on viewers' engagement with ads. There is no set formula, but we've found a reasonable guesstimate of around \$2 per thousand views (<https://www.quora.com/How-much-does-YouTube-pay-partners-for-their-content>). This works out to a penny for 5 views. So on LBRY, if you charge just one penny per view (a price any viewer would pay without a second thought), you may get 5X the per-view earnings you'd get from YouTube instantly!

What's more, you can share content of any type – video, music, ebooks, images, podcasts – all on the same platform.

How does LBRY benefit content consumers? Why should I bother caring?

Do you watch YouTube? Imagine paying a few cents to eliminate all ads. 100% of the payment will go directly to the content creator – and they'll still be earning more than YouTube offers, so they'll want to make even more of the content you love.

Do you use BitTorrent? Imagine getting paid to seed files into the network. Because there is a marketplace for these files, you can finally find rare songs and films that can't support a torrent swarm based on popularity alone.

Do you shop at the iTunes Store? Imagine paying less for songs, TV episodes, and music videos and having 100% of the price directly to the creators.

LBRY is a digital media library at your fingertips. It can store any kind of content and make it available at low cost on demand. In a few years time, LBRY may become your one-stop-shop for everything digital, from ebooks to video games to movies. One app to rule them all – but still leaving more power in your hands because it is decentralized by design.

What is LBRY exactly – is it a protocol, an app, a website, a company?

LBRY is many components working together. For most users, it will just be a place where they can find great videos, music, ebooks, and more. A vast digital library that is available on all of your devices.

But behind that experience is an ecosystem that can be hard to understand at first – especially because we tend to refer to all the pieces and the system-as-a-whole as "LBRY". (We're working on clearing that up.)

It might be easier to start with what LBRY is not: it is not just another corporate media service like YouTube or iTunes or Spotify. It is first and foremost a new *protocol* that allows artists to upload their content to a network of hosts (like BitTorrent) and set a price per stream or download (like iTunes) or give it away for free (like YouTube without ads). What makes this all possible is the blockchain technology developed by the founder of Bitcoin. Do you have to understand any of this to use and enjoy LBRY? No. Does it still matter to users? Yes!

Gmail has built an extremely popular email service on top of the near-universal *SMTP protocol* that everyone uses to exchange emails. Anyone sending an email with SMTP can communicate with Gmail addresses, no matter what email platform they use (Yahoo!, AOL, iCloud, etc.). Google can't interfere with someone emailing from an @yahoo.com address to an @aol.com address – and users are free to switch between services at any time, taking their emails with them. Users have a lot of power in open protocols that is often taken for granted.

Compare this to a proprietary, centrally controlled service like Facebook Messenger. If you conduct all of your social communications via Messenger, you're stuck in that environment – you cannot move your messages or contacts over to Google Chat or Skype. And if Facebook changes the way Messenger functions by censoring conversations or sharing your information with advertisers or governments, tough luck.

Even platforms that are ostensibly designed with the user's control and privacy in mind are susceptible to corruption if they are centrally controlled. WhatsApp comes to mind. WhatsApp built a huge global user base claiming to put users above advertisers. Then Facebook bought it. Now users may well have their personal phone numbers and metadata mined for Facebook's advertising algorithms.

There is no such risk of top-down corruption with the LBRY protocol. Content uploaded to the decentralized LBRY network remains publicly accessible so long as the community finds it valuable and continues to host it.

Now, the LBRY project is more than just a revolutionary new protocol. It is also a company, *LBRY Inc.*, which is developing a *LBRY app* to allow users to easily interact with the protocol. So it's as if Google had developed the email protocol, released it to the world for free, and then built Gmail to help people make use of it. Not only is our app completely open-source, but others are welcome to create competing apps that also use the LBRY protocol. For a content creator, your uploaded content will be available to all of these apps at the same time.

Do you see the difference here? YouTube can afford to push around its creators and users because they've created tremendous lock-in. LBRY is challenging this model from the ground-up. Everything we've built is open-source, decentralized, and belongs to the community using it. LBRY Inc. could go bankrupt tomorrow, and the LBRY protocol will live on. Can YouTube say that?

LBRY's "auction-based" name system sounds unworkable. Why don't you just assign names the same way as internet domains?

First, it's important to know that assigning names in a decentralized system is one of the hardest problems in computer science. Just because we're all accustomed to certain solutions doesn't mean they aren't seriously flawed.

Let's look at the internet's standard domain name system (DNS). DNS is a centralized service run by an organization called ICANN. There's actually a bit of controversy going on right now about who should control ICANN (<https://www.economist.com/news/leaders/21707538-internet-not-american-whatever-ted-cruz-thinks-road-surfdom>), which until now has been under the supervision of the US Department of Commerce. ICANN grants registrars the ability to lease domain names for 1-year terms. Registrars pay enormous fees to participate in this system, and individuals/companies can end up paying substantial fees to maintain a particular domain. That is to say, ICANN is a pretty lucrative racket for those involved.

And the results aren't even that good! Not only are domain names still very awkward (<http://www.THENAMEIWANT.somethingelse> (<http://www.THENAMEIWANT.somethingelse>)), but they are highly vulnerable to squatters. Domain name squatting has become an industry unto itself, with speculators viewing it like owning real estate. Unfortunately, as with real estate, the market is opaque, and transaction costs are high. Unlike real estate, the scarcity of ICANN domains is basically artificial, depending on a committee to approve new top-level domains (TLDs) at their whim.

So we thought, "what if there were a better way?" Consulting with economists, we devised LBRY's name-claim system. LBRY names are awarded to the highest bidder. Our team believes that with a system like this, names will be controlled by the people who get the most value out of them – which is almost always the creator of the content. Radiohead would get a lot more value out of `lbry://moonshapedpool` than a squatter, pirate, or troll.

Before jumping to conclusions about the name-claim system, here are a few key details:

1.

Names aren't bought, only reserved – no Credits are lost, only put on deposit. If you win the auction for a name, your Credits are held with that name until you decide to withdraw them (at any time you wish). You aren't buying the name from anyone, and no one profits off of the transfer of names. It's just a test of who is willing to deposit the most Credits toward a name. The only cost is that you can't spend the Credits on content or cash them out while they are reserving a name.

2.

The longer a name is held, the longer the holder has to counterbid. You don't just lose the name immediately if a bigger bidder comes along – especially if you've held it for awhile. The time to counterbid scales up to around 1 week.

3.

Other users can pledge Credits to support the name-claim of a creator they like. If you claim `lbry://bestmovieever` and your film lives up to the hype, users may show their support by pledging some Credits to make sure you hold onto that name.

4.

Names are not like Youtube channels; they're more like search terms. Publishers will each get a unique ID that serves as their "channel" and shows all the content they upload. This ID will form permanent links so you can embed your videos on websites and include the link in promotional materials. The bidding system is only meant to get traffic from users trying to "discover" your content through the naming system. Since every comedy video would want to be

at lbry://comedy, the name-claim system allows the name to go to the creator who can make the most revenue off of it.

Our Reddit AMA made clear that this system makes people uncomfortable. No doubt it is unlike anything we've seen before on the net. For creators, it's a tradeoff. You might lose a valuable name, but you also don't have to worry about people squatting on the best names. Squatting has plagued projects like Namecoin and is only (poorly) resolved by ICANN at the cost of much expense and centralization.

Our economic advisor Alex Tabarrok notes:

"Auctions have many great properties, but the public doesn't like auctions very much. Although participating in an auction is fun for some; others find it annoying. It requires inputs of time and risk, and no one likes being outbid at the last minute."

So, the short answer is that we're aware that this is an experiment within an experiment. We're trying to solve a tough problem in a novel way. It's important to note that LBRY doesn't depend on the naming system, but we're committed to giving it a chance.

If I don't want to deal with name auctions at all, what are my options?

We don't want to see the naming system scare off potential users. And if it fails to work as planned, we don't want it to take down the whole LBRY project.

Rest assured, we're implementing permanent URLs that are **always yours**. You will have one link that contains all of your LBRY content you can use in promotional materials or share online – just like a Youtube channel URL.

Using this approach, you can bypass the auction system entirely. You could even have a regular domain name, like www.jackscodingclass.com, point to all of your content on LBRY.

More details on this update will be released shortly. [Subscribe to our mailing list \(/get\)](#) to stay up to date.

How does the company behind LBRY make money?

The LBRY protocol has a built-in digital currency that allows it to function, called LBRY Credits. These Credits are very similar to bitcoins. Having a built-in digital currency creates an opportunity for a new kind of business that has never existed: [the protocol-first enterprise \(https://medium.com/the-coinbase-blog/app-coins-and-the-dawn-of-the-decentralized-business-model-8b8c951e734f#6mr8znoiy\)](https://medium.com/the-coinbase-blog/app-coins-and-the-dawn-of-the-decentralized-business-model-8b8c951e734f#6mr8znoiy). LBRY Inc. has reserved 10% of all LBRY Credits to fund continued development and provide profit for the founders. Since Credits only gain value as the use of the protocol grows, the company has an incentive to continue developing this open-source project. And we can do it all without taking a percentage of anyone's transactions.

Here's how LBRY Inc. **doesn't** make money:

- **We do not take a cut of any transactions.** When you buy content on LBRY, 100% of the listed price goes to the publisher. There is also a fee paid to the decentralized network of hosts that store and deliver the content to you. LBRY Inc. doesn't take any of that unless the company is publishing or hosting content itself. The same rules apply to everyone.
- **We do not earn profits from auctioning of names**, nor do we benefit from bidding wars over names. Our goal with the naming system is simply to allocate names most efficiently to benefit users.
- **This is not a "pump and dump" scheme or vaporware.** See my essay [\\$1.2B Valuation and We Don't Care](#). LBRY Credits have already experienced a bubble, and we paid it no mind. LBRY is real software with a live blockchain and thousands of active users. Our goal is to increase the long-term value of the protocol, which if adopted globally will make our reserve many times more valuable than any short-term bubble. We've already invested 10,000 working hours into this project, and it will take many more, but we're patient and focused on the future.

We are also exploring ways to generate revenue above our credit reserve, including providing value-added services to LBRY users and/or consulting to large content producers who want to harness LBRY. But remember, by design, **we are**

not able to singlehandedly change the rules on users in an attempt to "monetize" all of your contributions to the network.

What is LBRY's development status right now? Plans for the future?

LBRY is currently in invite-only beta, with desktop apps for Linux, MacOS, and a pre-release version of Windows. There are approximately 5K active users and hundreds of content creators. The network already hosts big-name content like the feature film *It's A Disaster* (</news/launch-a-disaster>), and videos from Adult Swim's MillionDollarExtreme (</news/mde-on-lbry>). We announce new featured content every Thursday on our [blog \(/news\)](/news), [Twitter \(https://twitter.com/lbrycom\)](https://twitter.com/lbrycom), and [Facebook \(https://www.facebook.com/lbrycom\)](https://www.facebook.com/lbrycom).

The waitlist to get into the beta is about 150K people long. This shocks even us, and we're racing to get the user experience and backend technologies to a level where we're comfortable opening the beta to everyone. The target for open beta is this winter. Mushy target, we know, but these things are hard to time.

In the meantime, we could use your encouragement. This is a difficult project that cannot succeed without people demonstrating they want an alternative to Silicon Valley megacorp media services. So [join the beta \(/get\)](/get), [share our blog posts \(/news\)](/news), and [join our subreddit /r/lbry \(https://www.reddit.com/r/lbry\)](https://www.reddit.com/r/lbry). Your excitement is like Red Bull to our weary coders!

Why should I care about LBRY if I can't even use it yet?

A lot of people won't care about LBRY until it can deliver them immediate benefits. That's fair, and we understand.

The advantage of getting involved right now is the same as following a local band that you'd like to see that make it big. You have the opportunity to have very direct contact with our dev team. You can make suggestions and shape the course of LBRY. You can [earn bounties \(/bounty\)](/bounty) for helping to build and promote LBRY. You can connect with our amazing community of people, like [Javier from Venezuela who says LBRY gave him new hope for life \(/news/day-in-shoes-venezuelan\)](/news/day-in-shoes-venezuelan). You can [post your content to the network \(/publish\)](/publish) before it is mainstream and get attention and appreciation from our early adopters – not to mention a possible prize of \$1000 in LBC.

Or get involved because it's rare to get an opportunity to be part of a project that could reshape the fabric of the internet and creative media for years to come.

Did this FAQ address your concerns? Still think we're full of it? Sound off at [/r/lbry \(https://www.reddit.com/r/lbry\)](https://www.reddit.com/r/lbry). Thank you for taking the time to learn about LBRY!

Not on LBRY yet? [Get an invite here \(/get\)](/get). Just can't wait? If you're a creator, skip our waiting list line for a chance to earn \$1,000 in LBRY Credits at the same time. [Learn more here \(/publish\)](/publish).

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Mike Vine · 

Mike was one of the early team members of LBRY.

He contributed to marketing and branding in the earliest days of the app.

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